

Message Text

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 1167

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL MARTINIQUE

AMCONSUL NICE

AMCONSUL STRASBOURG

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E.O. 11652: N/A

TAGS: PGOV, PINT, FR

SUBJECT: GISCARD'S FIRST PRESS CONFERENCE: CHANGE WILL
CONTINUE

1. SUMMARY. GISCARD'S FIRST PRESS CONFERENCE SINCE HIS
ELECTION TWO MONTHS AGO WAS A POLISHED, IF SOMEWHAT
LONG-WINDED, PERFORMANCE DEVOTED SOLELY TO DOMESTIC
AFFAIRS. THE PRESIDENT WAS IN COMPLETE COMMAND,
DISPLAYED HIS USUAL PENCHANT FOR STATISTICAL DATA AND
FIELDDED 32 QUESTIONS IN 90 MINUTES WITH CRISP SELFF-
ASSURANCE, PRECISION AND FLASHES OF HUMOR. HE
PRESENTED THE IMAGE OF A CONCERNED PRESIDENT AWARE OF
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FRANCE'S PROBLEMS AND READY TO MAKE CHANGES TO CORRECT

THEM. HE EXPRESSED CONTINUED CONFIDENCE THAT HIS MEASURES TO FIGHT INFLATION WILL WORK, AND NOTED THAT FRANCE'S BALANCE OF PAYMENTS PROBLEMS WOULD BE SOLVED THROUGH EXPORTS AND LOANS, AND NOT FOREIGN DIRECT INVESTMENT ON THE KRUPP-IRAN MODEL. HIS COMMENT THAT HIS GOVERNMENT NEEDS 500 DAYS TO INSTITUTE ITS CHANGES IS BEING INTERPRETED THAT IF ALL GOES SMOOTHLY, GISCARD IS AIMING AT LEGISLATIVE ELECTIONS IN 1976 -- TWO YEARS BEFORE PARLIAMENT'S TERM EXPIRES. GISCARD WILL MEET WITH PRESS AT BEGINNING OF FALL TO DISCUSS FOREIGN AFFAIRS. END SUMMARY.

2. STYLE: DUST OFF THE REPUBLIC. GISCARD BROKE WITH FRENCH TRADITION IN CHOOSING TO MEET INFORMALLY ON JULY 25 WITH SOME 350 JOURNALISTS. STANDING AT A SMALL LECTERN, HE FIRED RAPID AND, UNLIKE HIS PREDECESSORS, SHORT ANSWERS TO THEIR IMPROMPTU QUESTIONS. IN DECIDING TO LIMIT HIS FIRST PRESS CONFERENCE TO DOMESTIC AFFAIRS, HE DEMONSTRATED HIS DESIRE TO APPEAR CLOSE TO THE IMMEDIATE PREOCCUPATIONS OF THE FRENCH PEOPLE. DESCRIBING HIMSELF AS A "TRADITIONALIST WHO LIKES CHANGE," HE PLEDGED TO "DUST OFF" FRANCE WITHOUT FUNDAMENTALLY CHANGING ITS INSTITUTIONS. HE SHOWED HIMSELF CLEARLY SATISFIED WITH THE ACCOMPLISHMENTS OF HIS FIRST TWO MONTHS, AND INDICATED THERE WILL BE MORE CHANGES TO COME.

3. INSTITUTIONS. GISCARD CAME OUT IN FAVOR OF A REDUCTION IN THE SEVEN-YEAR PRESIDENTIAL TERM TO EITHER FIVE OR SIX YEARS. HE DOES NOT PLAN TO INCLUDE THIS MEASURE IN HIS CONSTITUTIONAL REFORM PROPOSALS THIS FALL, HOWEVER, BUT SAID HE WILL TAKE AN INITIATIVE AT THE RIGHT MOMENT. HE SEES NO NECESSITY FOR THE CREATION OF A FRENCH VICE PRESIDENT, AND SAID A VICE PRESIDENT WITHOUT FUNCTIONS WOULD POSE PROBLEMS. ASKED WHETHER HIS PROPOSED REFORM INCREASING THE POWER OF THE CONSTITUTIONAL COUNCIL WOULD MAKE IT RESEMBLE THE US SUPREME COURT, GISCARD REPLIED SHARPLY THAT HE HAS NO INTENTION OF COPYING THE US CONSTITUTION, STRESSING THAT FRANCE HAS DIFFERENT INSTITUTIONS. HE ADDED THAT LIMITED OFFICIAL USE

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HE WAS OPPOSED TO A "REPUBLIC OF JUDGES," IMPLYING THAT THE ELYSEE IS NOT ABOUT TO CEDE FUNDAMENTAL POWER TO OTHER BRANCHES OF GOVERNMENT. GISCARD ALSO VOLUNTEERED, SINCE NO ONE ASKED HIM A PERTINENT QUESTION, THAT HE IS ASKING PRIME MINISTER CHIRAC TO DRAW UP A DRAFT BILL DEALING WITH PUBLIC FINANCING OF POLITICAL PARTIES AND ELECTION CAMPAIGNS.

4. DOMESTIC POLITICS. ASKED TO ASSESS HIS PRIME MINISTER, GISCARD PRAISED CHIRAC, SINGLING OUT HIS ROLE IN ORGANIZING AND UNITING THE NEW PRESIDENTIAL MAJORITY. GISCARD REVEALED THAT DURING THE ELECTION CAMPAIGN HE HAD ALREADY DECIDED ON HIS PRIME MINISTER, AND WAS SMART ENOUGH TO DISREGARD THE ADVICE OF THOSE WHO WARNED HIM AGAINST CHIRAC. THE PRESIDENT ALSO PAID TRIBUTE TO SERVAN-SCHREIBER, SAID HE REGRETTED HIS DEPARTURE AND HOPED THAT JJSS WILL HAVE A FUTURE OPPORTUNITY TO PARTICIPATE IN THE GOVERNMENT'S ACTIVITY. CONTRARY TO SOME PREDICTIONS, GISCARD EMPHASIZED, FRANCE WAS NOT SPLIT IN TWO AFTER THE ELECTIONS. FRANCE IS HAVING A NORMAL POLITICAL DEBATE, HE SAID, AND THE

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GOVERNMENT HAS A SOLID ASSEMBLY MAJORITY. THE PARTIAL ELECTIONS (END SEPTEMBER) WILL REVEAL THE NATURE OF THE NEW MAJORITY. HE PAID TRIBUTE TO THE WISDOM AND REALISM OF THE OPPOSITION LEADERS, AND SAID HE WAS READY TO INVITE MARCHAIS AND MITTERRAND TO MEET WITH HIM AT THE ELYSEE THIS FALL. COMMENT: GISCARD THUS NEATLY SIDESTEPED ONE MAJOR OBSTACLE TO MORE FORMAL RECOGNITION OF THE OPPOSITION. BY DELAYING HIS PROPOSED MEETING PRESUMABLY UNTIL AFTER THE LEFT'S OCTOBER CONGRESSES, BOTH SIDES WILL BE ABLE TO MAINTAIN THE APPEARANCE OF COMPLETE INDEPENDENCE OF ACTION.

5. ECONOMIC ASPECTS
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A. INFLATION. GISCARD CHARACTERIZED HIS ANTI-INFLATIONARY POLICY AS A "COOLING", NOT A "FREEZING" AND STATED EMPHATICALLY THAT NO NEW MEASURES WOULD BE TAKEN THIS FALL. HE NOTED HE DISAGREED WITH NEWLY RELEASED OECD PROJECTION OF FRENCH PRICE PERFORMANCE FOR THE FIRST HALF OF 1975 (ANNUAL RATE OF INCREASE OF 14 PERCENT) AND MAINTAINED THAT GOVERNMENT'S GOAL OF REDUCING PRICE INCREASES TO A ONE PERCENT MONTHLY RATE BY DECEMBER, AND A 0.6 TO 0.7 PERCENT MONTHLY RISE "IN THE SPRING" WAS REALIZABLE. HE CITED A DECLINE IN THE PRICES OF IMPORTED RAW MATERIALS (AN AVERAGE OF 10 PERCENT LESS SINCE APRIL), AND THE APPRECIATION OF THE FLOATING FRANC SINCE HIS ELECTION (3.2 PERCENT AGAINST THE DOLLAR, 7.3 PERCENT AGAINST THE D.M.) AS THE MAIN SOURCES OF HIS OPTIMISM. WITHOUT CITING FIGURE -- A 1.1 PERCENT INCREASE, LOWEST THIS YEAR -- PRESIDENT NOTED JUNE CONSUMER PRICE INDEX WAS ENCOURAGING.

B. AGRICULTURE AND FOOD PRICES. OTHER THAN ANNOUNCING HE WAS MEETING WITH REPRESENTATIVES OF AGRICULTURAL GROUPS NEXT WEEK, THE PRESIDENT SAID LITTLE LIKELY TO SATISFY FRENCH FARMERS. NOTHING WAS SAID ON RAISING FARM PRICES, ALTHOUGH, IN A WARNING TO MERCHANTS, GISCARD NOTED THAT FINANCE MINISTER FOURCADE WOULD LOOK INTO "DISTURBING ANOMALY" OF HIGHER RETAIL FOOD PRICES ACCOMPANYING LOWER PRICES PAID TO FARMERS. GISCARD'S ACTION HERE PARALLELS OTHER EFFORTS TO REDUCE RETAIL PRICES.

C. BUDGET AND TAXATION. THE PRESIDENT DEFENDED 1975 BUDGET AS PRESENTED TO COUNCIL OF MINISTERS THE DAY BEFORE (PARIS' 18176, PARA 1) AS ANTI-INFLATIONARY BUT NOT RESTRICTIVE, SINCE IT WOULD GROW AT SAME RATE AS ECONOMY. HE SIGNALED AS PRIORITIES AID TO THE AGED, HOSPITALS AND THE TELEPHONE NETWORK. IN SIGNI-

FICANT NEW DEPARTURE IN FISCAL JUSTICE, GISCARD ASKED GOVERNMENT TO STUDY HOW CAPITAL GAINS COULD BE SUBJECTED TO INCOME TAX BEGINNING IN 1976. AT PRESENT TIME, ONLY CORPORATE CAPITAL GAINS AND THOSE ON SOME CATEGORIES OF REAL ESTATE TRANSACTIONS ARE TAXED IN FRANCE. (COMMENT: DURING THE ELECTION CAMPAGIN BOTH MITTERRAND AND CHABAN-DELMAS PROPOSED SUCH A TAX.) LIMITED OFFICIAL USE

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D. INVESTMENT IN FRANCE. REAFFIRMING FRENCH PREOCCUPATION WITH "NATIONAL" CONTROL OVER KEY SECTORS OF FRENCH INDUSTRY, GISCARD DECLARED THERE WOULD BE NO FRENCH VERSION OF KRUPP-IRAN DEAL. FRANCE WOULD "REMAIN THE MASTER OF ITS MEANS OF PRODUCTION" AND FINANCE THEM WITH OWN SAVINGS. BALANCE OF PAYMENTS PROBLEMS WILL BE MET THROUGH EXPORTS AND BORROWING, BUT NOT BY SALES OF FRANCE'S HEAVY INDUSTRIAL CAPITAL.

E. FRANCE'S MERCHANT MARINE. GISCARD NOTED IT MADE LITTLE SENSE TO MAINTAIN THE PASSENGER LINER "FRANCE" AT THE EXPENSE OF NECESSARY HELP TO FRANCE'S MERCHANT MARINE -- WHICH HE WAID WAS GROSSLY UNDER-REPRESENTED IN PORTS OF THE WORLD. GOVERNMENT ASSISTANCE, IN THE FORM OF GRANTS AND LOAN SUBSIDIES, IS LIKELY TO BE INCREASED.

6. OTHER. GISCARD DISPLAYED OBVIOUS PLEASURE AT THE SUCCESS OF THE GOVERNMENT'S TELEVISION REORGANIZATION BILL WHICH PASSED ASSEMBLY EARLIER IN THE DAY BY STRAIGHT PARTY-LINE VOTE OF 290 TO 183 -- DEMONSTRATING THE SOLIDITY OF GISCARD'S MAJORITY IN ITS FIRST REAL PARLIAMENTARY TEST. HE PROMISED TO ACCELERATE PRISON REFORM. AND GAVE AN EXAMPLE OF HIS PENCHANT FOR STATISTICS BY NOTING OFF-THE-CUFF THAT THERE ARE PRESENTLY 28,936 PERSONS IN PRISON IN FRANCE. IN DISCUSSING ABORTION, PRESIDENT SAID HE HAS GIVEN INSTRUCTIONS TO STOP PROSECUTING WOMEN UNDER THE OLD ABORTION LAW OF 1920. HE HOPES THAT PARLIAMENT WILL PASS "LIBERAL AND

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NON-REPRESSIVE" ABORTION LEGISLATION THIS FALL.

(COMMENT: MINISTER OF HEALTH VEIL RECENTLY CONFIRMED TO AMBASSADOR IRWIN THAT GOVERNMENT WILL SPONSOR AN ABORTION REFORM BILL, CURRENTLY BEFORE NATIONAL ASSEMBLY COMMITTEE, SOME TIME THIS FALL). GISCARD ALSO SAID THAT HE INTENDS TO VISIT MARTINIQUE AND GUADELOUPE BEFORE THE END OF THE YEAR.

7. PRESS REACTION. PARIS MORNING PRESS JULY

26 GENERALLY APPROVED OF GISCARD'S PERFORMANCE BUT WITH CERTAIN RESERVATIONS. EDITORIAL IN CONSERVATIVE LIMITED OFFICIAL USE

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FIGARO JUDGED HIS NEW STYLE AS OVERLY OPTIMISTIC AND MORE TECHNICALLY COMPETENT THAN INSPIRED. OPPOSITION COMBAT GAVE HIM GRADE OF 7 OUT OF 10, NOTING "HE CAN DO BETTER". COMMUNIST HUMANITE DESCRIBED GISCARD'S ASKING FOR 500 DAYS TO INSTITUTE CHANGES AS A SLIGHT-OF-HAND TRICK. OUR FAVORITE WAS QUOTIDIEN DE PARIS

HEADLINE "JE CHANGE, DONC JE SUIS."

8. COMMENT. OVERALL GISCARD TURNED IN A BRILLIANT PERFORMANCE BUT WITHOUT ANY SURPRISE OR MAJOR NEW INITIATIVE -- EXCEPT PERHAPS FOR THE PUBLIC FINANCING OF POLITICAL PARTIES. HE WILL HAVE ANOTHER CHANCE AT HIS FALL PRESS CONFERENCE ON FOREIGN POLICY.

9. POUCHING FULL TEXT TO EUR/WE.
IRWIN

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